



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Sachi A. Hamai, Executive Officer-
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

At its meeting held October 24, 2006, the Board took the following action:

25-D

The following item was called up for consideration:

Supervisors Molina and Antonovich's recommendation to direct the Chief Administrative Officer to hire and negotiate a flat rate contract with an Independent Counsel within two weeks, to investigate and report back to the Board within 45 days on the specific allegations contained in Robert E. Nagle's October 16, 2006 letter to the Board; and request that County Counsel suspend any organizational or personnel changes that would affect either the position of Litigation Cost Manager or the policies and procedures regarding Litigation Cost Management, until the Board receives the report from the Independent Counsel.

The following statement was entered into the record for Supervisors Molina and Antonovich:

"Since January 2003, the Board of Supervisors has taken responsible and proactive steps to manage and control the County's legal fees and costs. As part of our efforts, the Board has insisted on the implementation of specific policies and procedures to ensure that the County receives high-quality, directed and effective representation from both in-house and outside counsel that is also cost-effective. For example, we approved a new computer system called RMIS to enable County Counsel to better monitor case status and costs, and to produce reports in an efficient manner. We also approved the new position of Litigation Cost Manager whose responsibility is to participate in the planning and direction of litigation strategy—with a focus on cost-effectiveness—to conduct reviews of all internal and external litigation costs, to track litigation, and to monitor and report annually on progress.

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25-D (Continued)

“By all accounts, our efforts have been very successful. We have brought our litigation costs down from a high of \$62.7 million in FY 2001-2002 to a low of \$26.3 million in FY 2003-2004, a 58.4% decrease. Now, after two consecutive years of declining litigation costs, we are seeing an over 50% increase in costs to \$40,874,631 in FY 2005-2006. Moreover, on October 11, 2006, we were informed that Robert E. Nagle, the person hired for the Board-created Litigation Cost Manager position, was summarily terminated.

“On October 16, 2006, each Board office received a letter from Mr. Nagle that contained serious allegations of mismanagement by County Counsel including failure to provide the Board with critical litigation management information and failure to fully implement litigation management policies and procedures, all of which may have resulted in a potential cost to the County of millions of dollars. These allegations presented by Mr. Nagle, if true, are extremely distressing and must be investigated immediately. It is also equally important to establish whether these allegations are not true in order to reclaim confidence in the Office of County Counsel and ensure that its credibility remains untarnished.

“As fiduciaries of the public trust, it is our responsibility to ensure a thorough, accurate and unbiased review of these claims by a highly credible, external and independent reviewer unaffiliated with the County or with Mr. Nagle and who is widely respected as fair and impartial.”

Therefore, Supervisor Molina made a motion, seconded by Supervisor Antonovich, that the Board take the following actions:

1. Direct the Chief Administrative Officer to hire and negotiate a flat rate contract with an Independent Investigator with substantial litigation experience, within two weeks, to investigate the specific allegations contained in Robert E. Nagle's October 16, 2006 letter to the Board and report back within 45 days; and
2. Request that County Counsel suspend any organizational or personnel changes that would affect either the position of Litigation Cost Manager or the policies and procedures regarding Litigation Cost Management, until the Board receives the report from the Independent Investigator.

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25-D (Continued)

After discussion, the following statement was entered into the record for Supervisors Burke and Knabe:

“The allegations contained in Robert E. Nagle’s letter to each Board member dated October 16, 2006 are quite disturbing and serious if true. We agree that an independent and impartial investigation and assessment is required. It’s our understanding that the Auditor-Controller’s office has already commenced a review of the recommended litigation cost savings strategies to see if procedures are being followed. We feel that an independent and impartial investigation can be done most expeditiously and thoroughly in-house by our staff from the Auditor-Controller’s office.”

Therefore, Supervisor Burke made a substitute motion, seconded by Supervisor Knabe, that the Board direct the Auditor-Controller to immediately commence an audit and investigation into the allegations contained in Robert E. Nagle’s letter dated October 16, 2006, and report back to the Board in writing within 30 days.

After discussion, Supervisor Yaroslavsky made a suggestion that Supervisor Burke’s motion be amended to define the scope of the Auditor-Controller’s review to be the evidence and fact-based issues in both County Counsel’s and Robert E. Nagle’s reports, including the accounting issues. Supervisor Burke accepted Supervisor Yaroslavsky’s amendment.

David E. Janssen, Chief Administrative Officer, and J. Tyler McCauley, Auditor-Controller, responded to questions by the Board.

After further discussion, Supervisor Burke’s substitute motion as amended was duly carried by the following vote: Ayes: Supervisors Molina, Burke, Yaroslavsky, Knabe and Antonovich; Noes: None.

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Copies distributed:
Each Supervisor
Chief Administrative Officer
County Counsel
Auditor-Controller